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BUSINESS

BRIEFS

Costco reorganizes Canadian business

ISSAQUAH, Wash. — Costco Wholesale Corp., the largest U.S. chain of warehouse clubs, said yesterday it plans to combine the administration of its two Canadian regions to cut expenses and improve efficiency. The move will cost \$15.6 million after taxes, Costco said. Annual savings are expected to be at least that amount, or \$15.6 million on a pre-tax basis, beginning in fiscal 2002.

Costco has had separately run divisions based in Laval and Burnaby, B.C., since its 1983 merger with rival Price Co. Each region has about 30 warehouses and annual sales of about \$2.37 billion. The Laval offices will be moved to Nepean, Ont., near Ottawa, where the new Canadian headquarters will be situated. Costco will keep a small office in Burnaby. The consolidation will eliminate an unspecified number of jobs, the company said. Some employees will be offered positions in other parts of the company.

Kruger buys mill

Abitibi-Consolidated Inc. has ended a long period of suspense at its Weymouth paper mill in Trois-Rivières, with the announcement that the operation is being sold to a subsidiary of Kruger Inc. Terms of the sale were not disclosed. The mill has about 500 employees, and the transaction is expected to preserve those jobs. Kruger, a privately held Montreal firm, plans to upgrade the mill to produce a full range of coated groundwood grades of paper.

Canary losing prince

LONDON — Saudi Prince Alwaleed Bin Talal said yesterday he sold two-thirds of his shares in Canary Wharf Group PLC for 178 million, more than four times their cost. Prince Alwaleed paid \$65 million, or \$1.53 a share, for a 6-per-cent stake in the British real estate company in 1995. He sold the shares for \$6.6 million each.

"It was too good to be true. The price was right and we made a tremendous profit," Prince Alwaleed said in an interview. He's holding the remaining 2-per-cent stake "to maintain exposure to this tremendous company."

The Canary Wharf development in London was taken over by its creditors in 1992, when warring demand for space amid a sluggish economy bankrupted Canadian developer Paul Reichmann's Olympia & York Development Ltd., which spent \$2.6 billion over four years to build it.

Arden order lifted

The Montreal Exchange said the Quebec Securities Commission has lifted its cease-trading order on the securities of Arden Holdings Inc., effective yesterday. The QSC issued a cease-trading order on Arden's securities on Jan. 4, for failure to comply with information requirements of the Securities Act.

BAE, Honeywell pact

BAE Systems Canada Inc. has signed a multi-year agreement to supply its latest generation global positioning system receivers to Honeywell International Inc. The agreement has a potential sales value in excess of \$50 million, the firms said.

Rail suppliers online

CHICAGO — Canadian National Railway, Canadian Pacific and three other major North American railways have created an online system to connect them and the industry's suppliers. The five railways — along with two technology companies, BMail.com Inc. and GE Global Exchange Services — said yesterday they have created an independent Chicago-based company called RailMarketplace.com. The electronic exchange will allow buyers to search for the best price and sellers can expand access to the market.

The five railways, which include Burlington Northern Santa Fe, Norfolk Southern and Union Pacific, buy more than \$15 billion worth of supplies each year. The exchange is ultimately expected to link the rail industry globally in a multi-currency, multilingual marketplace.

CPR pact ratified

CALGARY — A local of the United Steelworkers has ratified an agreement with Canadian Pacific Railway Co. that gives the workers improved wages, pensions and other benefits. Local 1976 said 64 per cent of the votes cast were in favour of the deal.

The local represents 1,800 of the railway's employees. The three-year contract includes a total 6-per-cent wage increase, 2 per cent each year, the union said.

The union's members, located in cities across the country, work as crew dispatchers, intermodal terminal operators, stevedores, accounting centre staff, freight-claims adjusters and other jobs throughout the system.

Canadian Pacific Railway is a division of Calgary-based Canadian Pacific Ltd., a conglomerate with transportation, energy and hotel interests.

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TIGHTENING THE TAPS



All Rodriguez-Arce, OPEC's secretary general from Venezuela, spoke at a press conference yesterday in Vienna after the oil cartel decided to cut back supplies of crude.

Oil slips despite cuts

MARK SHENK
Bloomberg News

NEW YORK — Crude oil fell more than 2 per cent yesterday on expectations that OPEC's agreement yesterday to cut production targets by 1.5 million barrels a day won't be enough to prevent a rise in global inventories.

The actual reduction in output will be less than promised because some OPEC members have been producing below their targets, traders said.

With Iraq planning to raise output after a two-month slowdown, OPEC wants to trim production to prevent the kind of supply buildup that sent oil tumbling to 12-year lows in 1998.

"The market sees this as only a cut of 1.2 million barrels because some OPEC members have not been able to produce up to their full quota," said Mohamed Abit, director (energy and geopolitical issues) at Hoenig & Co. in New York. Also, "Iraq cannot afford to be offline for long," he said. "They're afraid of losing market share."

Crude oil for February delivery fell 60 cents, or 2.3 per cent, to \$26.90 a barrel in New York. Prices fell 21 per cent in December as four OPEC output increases during the year helped boost inventories of consuming nations.

The drop in output from the Organization of Petroleum Exporting Countries was the group's first reduction in two years. It will take effect Feb. 1 and last through the end of the year.

The cartel's members might decide to cut production by a further one million barrels a day when they meet again on March 16.

Works for Jitec

Former CEO is now a consultant

LALIBERTÉ

Continued from Page B1

"New facts have been brought to the attention of the commission," Dubé said.

The new facts include the appointment of a new chief executive officer and board of directors at Jitec, and the filing by Laliberté of two insider trading reports in November that he says cover all of his trades up to imposition of the ban.

In a statement, Laliberté said he's pleased with the QSC decision and reiterated his denial that he manipulated Jitec's stock price or broke any securities law.

"My goal in the short term was to regain the ownership rights to my Jitec shares, while reassuring the financial community of the market's integrity for these shares," he said. "I am sure the investigation will prove my good faith beyond a shadow of a doubt."

Laliberté's spokesman Daniel Larouche said he continues to work for Jitec as a consultant on technological matters and goes into the company's Nunavut Island headquarters as required.

Jitec leases to small and medium-size companies its stripped-down computer terminals that are connected to powerful servers at centralized operation centres.

Laliberté resigned as Jitec's CEO after an independent committee of the board of directors said he had received \$865,000 in advances from the company without board authorization and that an additional \$1.2 million had gone to companies related to him.

Last month, Jitec said Laliberté had repaid the \$865,000 and also announced he will pay back the \$1.2 million over the next six months.

USE OF MULTIPLE ACCOUNTS EXPLAINED

At a Dec. 1 hearing to contest the QSC's trading ban, Laliberté promised to restrict himself to trading company stock in just one brokerage account if the commission would lift the ban. He also offered to report trades within two working days instead of the 10 days required by law.

Yesterday, Larouche said in light of the requirement to inform the QSC of trades in advance, Laliberté will be able to trade in as many accounts as he wants.

He said Laliberté explains his use of multiple brokerage accounts as an effort to spread commission revenues to several brokerage houses.

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EARNINGS

GM skids out

Fourth-quarter profit falls sharply

Associated Press

DETROIT — General Motors Corp.'s fourth-quarter earnings dropped sharply, reflecting softness in North American auto sales and nagging losses overseas. But GM's Canadian operations reported a record year.

Earnings were more than halved to \$600 million, or \$1.15 a share, before one-time charges in the three months ended Dec. 31 vs. \$1.5 billion, or \$1.66 a share, in the fourth quarter of 1999.

The world's largest automaker beat analysts' expectations of \$1.22 a share, but its shares fell \$1 to \$54.81 in New York. For the year, GM earned \$4.45 billion, or \$0.84 a share vs. \$5.58 billion, or \$0.88 a share, a year earlier. Revenue rose to \$184.4 billion vs. \$176.6 billion.

GM Canada's operations reported a record year, with revenue totaling \$42 billion Canadian vs. \$39.7 billion. GM Canada does not report profit figures.

GM Canada spokesman Steve Low said the company expects to have another strong year in 2001 despite a recent first-quarter production cut of about 15

per cent to curb rising inventories. "The first quarter — and we see partly into the second quarter — is going to be challenging," Low said.

Computer-related shares rose in extended trading late yesterday after International Business Machines Corp., the world's largest computer company, said fourth-quarter profit rose 20 per cent. IBM also said it expects to meet 2001 earnings forecasts.

Shares of the Armonk, N.Y.-based company climbed \$6.31, or 6.5 per cent, to \$103 after the close of regular trading. IBM earned \$2.67 billion, or \$1.48 per share, in the final three months of 2000 vs. \$2.06 billion, or \$1.12. Fourth-quarter revenue rose 6 per cent.

Apple Computer Inc. said it had a first-quarter loss as sales tumbled 87 per cent. The loss from operations was \$347 million, or 73 cents a share, in the period ended Dec. 30 vs. profit of \$179 million, or 50 cents. The loss excludes investment gains and an accounting change. Sales fell to \$1 billion from \$2.3 billion.

BLOOMBERG NEWS CONTRIBUTED TO THIS REPORT

Transat earnings rise 22% as vacation travel booms

A "sharp increase" in vacation travel sales at Transat A.T. Inc. has produced a 22 per cent rise in annual profit from an 18-per-cent increase in revenue.

Transat, whose holdings include Air Transat, Regent Holidays and other air-cruises and tour operators in Canada and France, said yesterday that it had net income of \$8.8 million, or \$1.14 a share, in the year ended Oct. 31, up from \$50 million in 1999. Revenue rose to \$1.56 billion.

"We recorded a significant increase in business activity both in Canada and in France, an increase that is mainly the result of internal growth due to, among other things, a sharp increase in sales volume," Jean-Marc Boustache, president and chief executive officer of Transat A.T., said in a statement.

"It had not been for the weakness of

the euro, our revenues would have passed the \$2-billion mark."

Despite last year's surge in jet fuel prices, he added, Transat produced a return on equity of 16.8 per cent.

In Canada, Transat reported growth in all regions, especially Ontario and the West. The first half of the financial year — the winter season for sunshine destinations — showed bigger revenue increases than the second half, when the travel is concentrated in Europe.

During the year, Transat invested \$88 million, compared with \$28.4 million in the previous year, mainly on renewing its airframe fleet. It also acquired tour operator Americanair and bought the 51 per cent of Brook Air it didn't own, to make that company a wholly owned subsidiary in the French market.

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